

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE:	August 21, 2000,	
)	
BELLSOUTH TELECOMMUNICATIONS, INC.'S)	DOCKET NO.
TARIFF TO OFFER CONTRACT SERVICE)	99-00510
ARRANGEMENT (TN 98-6846-00) VOLUME AND)	
TERM DISCOUNTS ON INTRALATA SERVICES)	

**ORDER DENYING PETITIONS TO INTERVENE AND GRANTING APPROVAL OF
BELLSOUTH CONTRACT SERVICE ARRANGEMENT (TN 98-6846-00)**

This matter came before the Tennessee Regulatory Authority ("Authority") during public deliberations on September 2, 1999 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN 98-6846-00 ("CSA"). BellSouth filed Tariff No. 99-00510 on July 16, 1999, with a proposed effective date of August 16, 1999.

The purpose of this CSA is to provide a Volume and Term Discount to the customer identified in the filing. Through this arrangement, BellSouth is offering an eight percent (8%) discount on various eligible local exchange and private line services to a customer who has agreed to a minimum annual revenue commitment and a three (3) year contract term. This CSA contains two termination provisions. The first relates to the termination of the underlying specific service and is linked to the tariff provision applicable to the underlying service. The second applies to the termination of the Volume and Term agreement. This termination provision requires the customer to pay a termination charge equal to (1) the discounts received for the life of the contract or for the previous twelve months, whichever is less, and (2) the prorated portion of the contract implementation and tracking costs calculated as follows:

\$26,940 x (Contract Months Remaining/Total Contract Months). Because the first termination provision is contained in the underlying, previously approved tariff, it is only the second termination provision that is before the Authority in this docket.

Time Warner Telecom of the Mid-South, L.P. ("Time Warner") filed a Petition to Intervene on August 3, 1999. The Directors first considered the CSA and Petition to Intervene at the regularly scheduled Authority Conference held on August 10, 1999. The Directors unanimously voted to suspend the matter until the next Authority Conference on August 24, 1999. At the August 24, 1999 Authority Conference, the Directors unanimously voted to move the CSA and Petition to Intervene to the August 31, 1999 Special Authority Conference.¹

In the meantime, the Authority held a hearing on Docket Nos. 99-00210 and 99-00244 on August 17 and 18, 1999. The Directors heard oral argument on the issues raised in those dockets on September 2, 1999. Immediately following oral argument, the Directors deliberated the issues and unanimously voted to approve the CSAs in Docket Nos. 99-00210 and 99-00244. Thereafter, the Directors addressed the tariff and Petition to Intervene in Docket No. 99-00510.

A majority² of the Directors voted to deny the Petition to Intervene. Next, the Directors unanimously approved the CSA contingent upon BellSouth filing an amendment to the CSA explicitly stating that the shortfall provision does not apply upon termination of the CSA.³

¹ This matter was in fact deliberated by the Directors following the deliberations in Docket Nos. 99-00210 and 99-00244 on September 2, 1999.

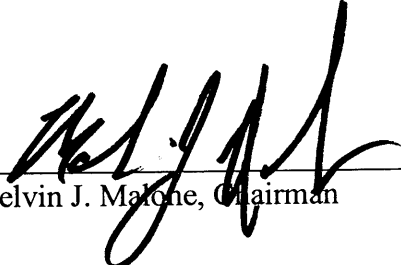
² Chairman Malone did not vote for the prevailing motion on the Petition to Intervene.

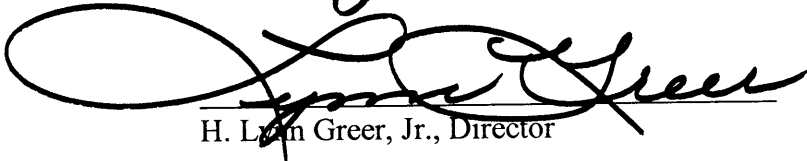
³ Chairman Malone noted that, generally, the underlying termination provisions with respect to the specific services that may be used to meet the volume and term requirements of a Volume and Term CSA contain buyout clauses, sometimes amounting to a ninety percent (90%) or one-hundred percent (100%) buyout. Notwithstanding Chairman Malone's approval of this Volume and Term CSA, he remains of the opinion that termination provisions, however triggered, containing such egregious buyouts are so potentially anticompetitive as to warrant denial.

IT IS THEREFORE ORDERED THAT:

1. The Petition to Intervene filed by Time Warner Telecom of the Mid-South, L.P. is denied.


2. BellSouth Telecommunications, Inc.'s Tariff No. 99-00510, which seeks approval of Contract Service Arrangement No. TN 98-6846-00, is hereby granted contingent upon BellSouth filing an amendment to the CSA explicitly stating that the shortfall provision does not apply upon termination of the CSA.⁴


Melvin J. Malone, Chairman


H. Lynn Greer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell, Executive Secretary

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⁴ On September 17, 1999, BellSouth filed a letter which stated:

This letter confirms that the customer's agreement to pay the difference between the actual billed revenue for its V&T Eligible Services and its Annual Revenue Commitment as set forth in Section VI of the CSA, does not apply upon the customer's early termination of the CSA. The customer must pay only the amount calculated in accordance with Section X (as amended) upon early termination of the CSA.

In addition, the letter contained a signed acknowledgement of the customer that the letter accurately reflects the customer's understanding of the terms and conditions of the CSA.